



2013

Assessment Roll Report



Assessor's Office
City of Grand Rapids
6/4/2013

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June 4, 2013

City Manager,

The City Assessor has completed the Annual Assessment Roll Report for tax year 2013, Fiscal Year 2014

The purpose of this report is threefold: 1) to provide a synopsis of the City's FY2013 property tax base, 2) to provide key economic indicators related to the real estate market, and 3) to provide an overview of the City's various property tax incentive programs and property tax capture districts.

Respectfully submitted,

Scott Engerson
City Assessor

CITY OF GRAND RAPIDS, MICHIGAN

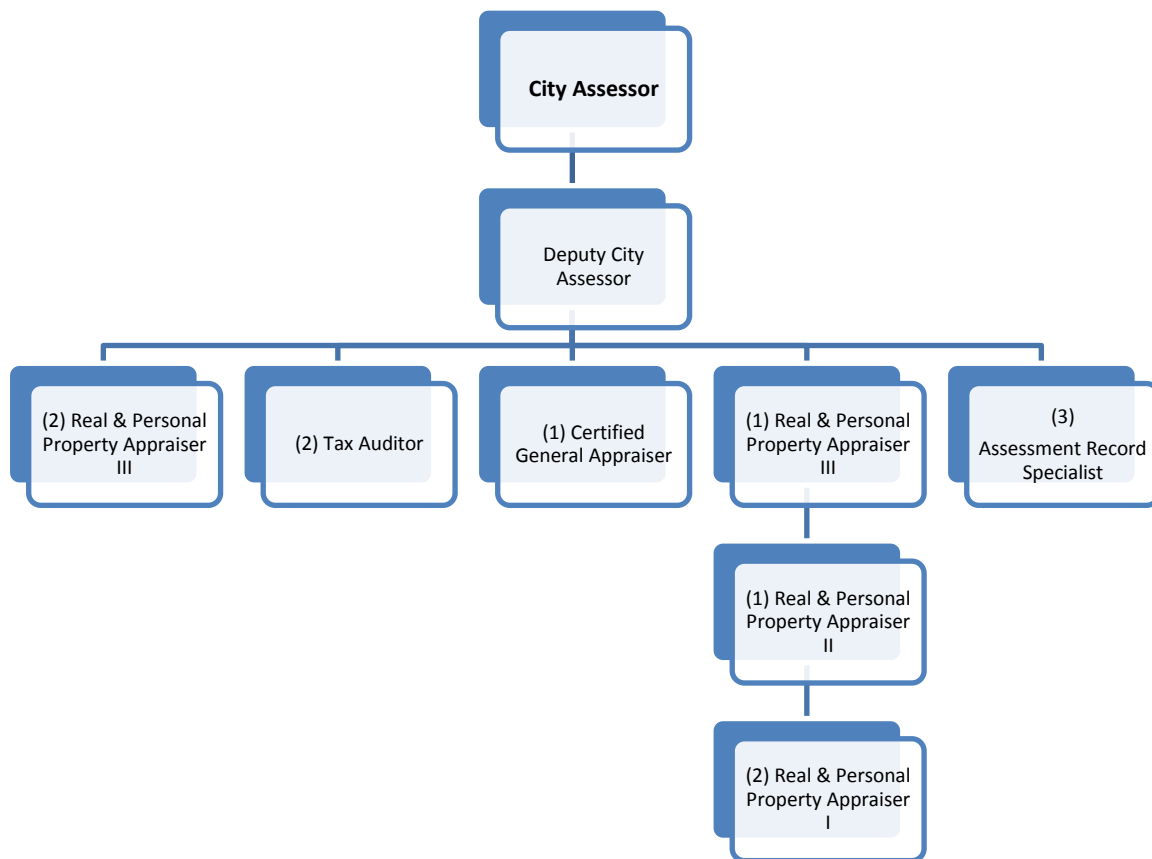
MISSION STATEMENT

We, the elected and appointed officials and employees of the City of Grand Rapids, believe in the dignity and worth of all people and in the right of every citizen to have equitable access to the benefits of urban life. We believe in the rights of all citizens to express their views and the responsibility of the City government to respond to those views.

As government representatives, we will help shape the future to assure that the City will continue to be a place where the benefits of urban life can be enjoyed. We will:

- Provide leadership in focusing community resources to address community needs and opportunities.*
- Develop and nurture partnerships that encourage and support collaboration.*
- Encourage economic prosperity for City residents and businesses to ensure the City's ability to provide important urban services.*
- Foster the economic health of our City within an economically healthy metropolitan region and assure that responsibility is shared equitably across the metropolitan area.*
- Celebrate and strengthen the diversity of our community, ensure the dignity of all citizens, and equitably deliver services.*
- Provide for the security of persons and property.*
- Provide leadership to ensure that children, families, and seniors thrive in our community.*
- Develop, maintain, and improve City-owned physical infrastructure.*
- Maintain and enhance residential neighborhoods and increase homeownership.*
- Enhance citizens' quality of life using the City's cultural, recreational, and occupational infrastructure.*
- Provide high quality municipal services efficiently, fairly, and courteously.*
- Foster a learning environment, which promotes employee and team excellence in delivery of City services.*
- Provide environmental stewardship to enhance quality of life for residents.*
- Collaborate with residents to provide a neighborhood based City service delivery system.*

Treasury Department Assessor's Office Organization Chart



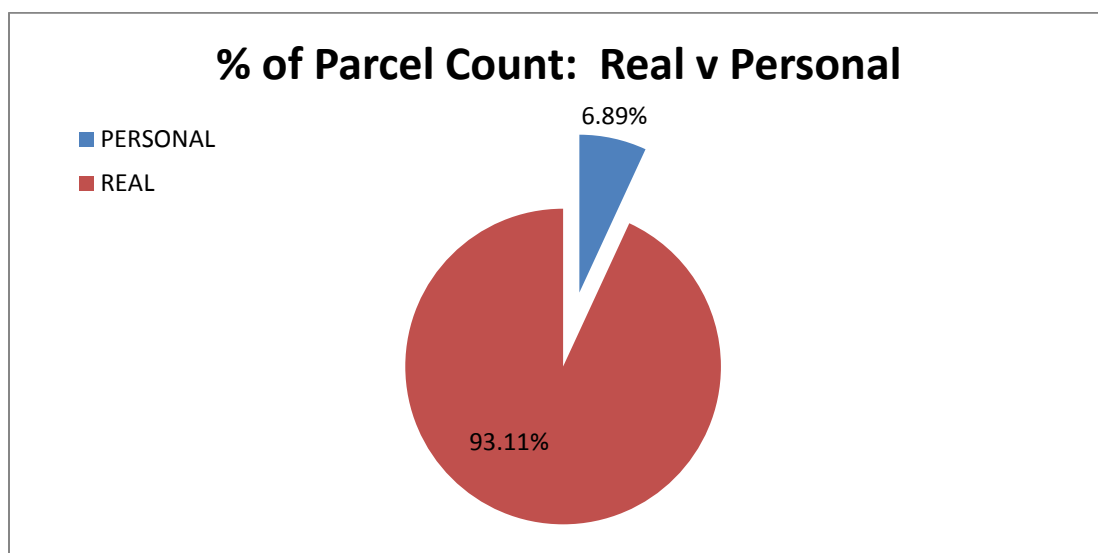
2013 Assessment Rolls

Parcel Counts

The City Assessor is responsible for administering four separate assessment rolls. The ad valorem roll contains all real and personal property subject to taxation at the full millage rate or the renaissance zone millage rate. The industrial facilities roll, neighborhood enterprise zone roll, and obsolete properties roll contain eligible real and personal property subject to taxation at a reduced millage rate for a limited period of time.

Assessable property in the State of Michigan is categorized as either real or personal. All assessable property is further classified as agricultural, commercial, development, industrial, residential, timber-cutover, or utility. Parcel counts by type and classification for each of the four rolls are contained in the chart below.

2013 Parcel Counts						
	Class ↓	Ad Valorem	IFT	NEZ	OPRA	Total
Real Property	Commercial	4,217	0	0	52	4,269
	Industrial	689	80	0	0	769
	Residential	56,921	0	222	0	57,143
	Exempt	<u>2,264</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,264</u>
	Real Property Total	64,091	80	222	52	64,445
Personal Property	Commercial	4,343	0	0	0	4,343
	Industrial	265	144	0	0	409
	Utility	<u>14</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14</u>
	Personal Property Total	4,622	144	0	0	4,766
Parcel Count Total		68,713	224	222	52	69,211



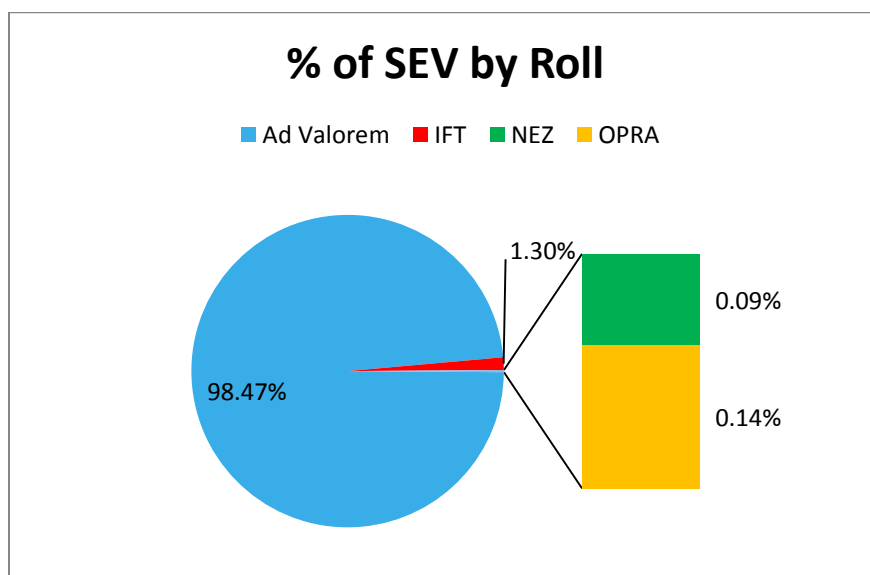
2013 Assessment Rolls

State Equalized Values

State Equalized Value, commonly referred to as SEV, represents an estimate of 50% of the fair market value of the properties assessed on the roll. The chart below summarizes the SEV's by property type, classification, and roll.

2013 State Equalized Values (SEV)						
	Class ↓	Ad Valorem	IFT	NEZ	OPRA	Total
Real Property	Commercial	\$1,248,172,100	\$0	\$0	\$6,264,900	\$1,254,437,000
	Industrial	\$183,723,400	\$16,744,100	\$0	\$0	\$200,467,500
	Residential	\$2,640,564,400	\$0	\$3,996,700	\$0	\$2,644,561,100
	Exempt	\$0	\$0	\$0	\$0	\$0
	Real Property Total	\$4,072,459,900	\$16,744,100	\$3,996,700	\$6,264,900	\$4,099,465,600
Personal Property	Commercial	\$213,447,900	\$0	\$0	\$0	\$213,447,900
	Industrial	\$163,791,300	\$43,211,700	\$0	\$0	\$207,003,000
	Utility	\$84,337,700	\$0	\$0	\$0	\$84,337,700
	Personal Property Total	\$461,576,900	\$43,211,700	\$0	\$0	\$504,788,600
SEV Total		\$4,534,036,800	\$59,955,800	\$3,996,700	\$6,264,900	\$4,604,254,200

As the following chart displays, over 98% of the City's assessable property is assessed on the ad valorem roll.

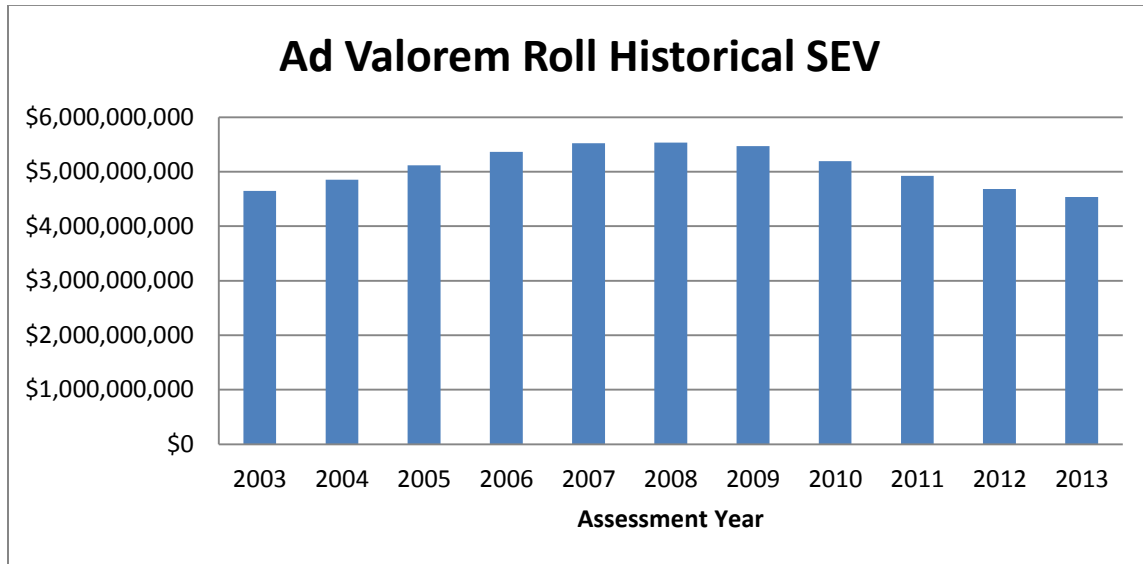


2013 Assessment Rolls

Historical State Equalized Value

Ad Valorem Roll

For the fifth consecutive year, the ad valorem assessment roll SEV experienced a reduction from the prior year's roll. The reduction is the result of a continuing, but slowing decline in real estate values.



Industrial Facilities Roll

While the remaining three rolls comprise less than 2% of the City's 2013 SEV, the IFT roll is considered to be a reliable indicator of the amount of annual private sector investment in industrial real property and industrial machinery and equipment. The IFT roll, which has been in a steady decline since 2002, has increased in value for 2013.



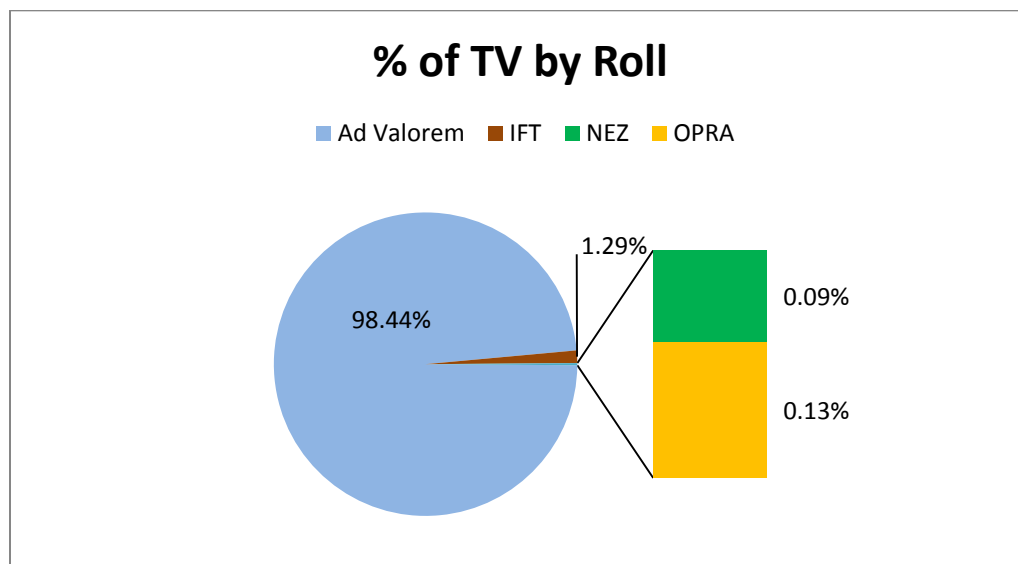
2013 Assessment Rolls

Taxable Values

Taxable value represents the property tax base of the City. While the State Equalized Value (SEV) is a measure of 50% of fair market value of property on the roll, the Taxable Value (TV) is the number used to multiply against the millage rate to calculate property taxes.

2013 Taxable Values (TV)						
	Class	Ad Valorem	IFT	NEZ	OPRA	Total
Real Property	Commercial	\$1,184,138,966	\$0	\$0	\$5,875,882	\$1,190,014,848
	Industrial	\$173,772,566	\$16,167,613	\$0	\$0	\$189,940,179
	Residential	\$2,538,239,112	\$0	\$3,978,166	\$0	\$2,542,217,278
	Exempt	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	Real Property Total	\$3,896,150,644	\$16,167,613	\$3,978,166	\$5,875,882	\$3,922,172,305
Personal Property	Commercial	\$213,447,900	\$0	\$0	\$0	\$213,447,900
	Industrial	\$163,791,300	\$43,212,100	\$0	\$0	\$207,003,400
	Utility	<u>\$84,337,700</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$84,337,700</u>
	Personal Property Total	\$461,576,900	\$43,212,100	\$0	\$0	\$504,789,000
	TV Total	\$4,357,727,544	\$59,379,713	\$3,978,166	\$5,875,882	\$4,426,961,305

As displayed on the following chart, over 98% of the City's property tax base resides on the ad valorem roll.

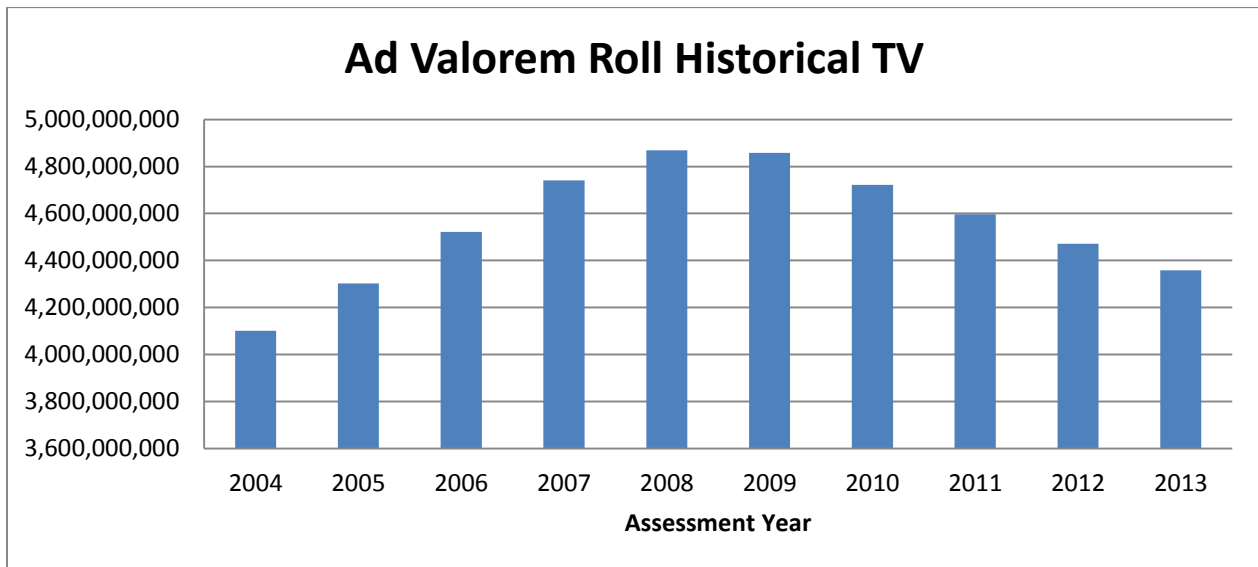


2013 Assessment Rolls

Historical Taxable Value

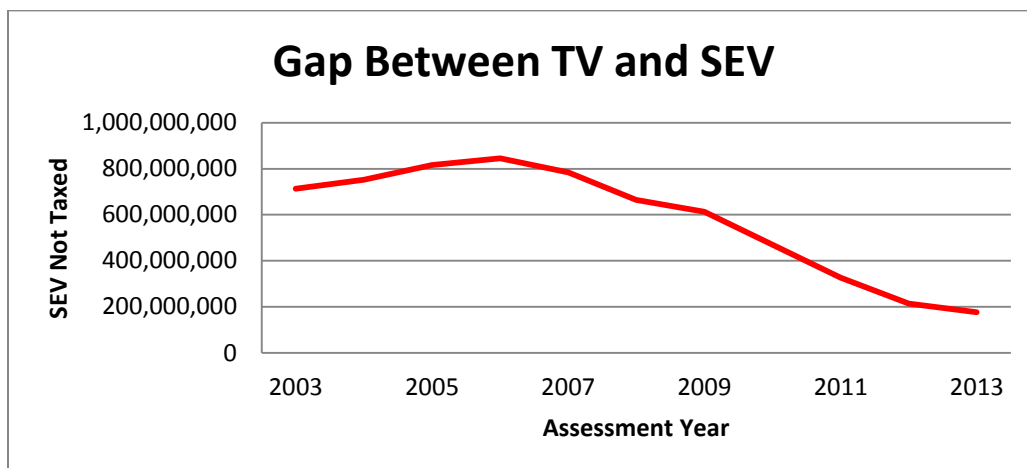
Ad Valorem Roll

For the fifth consecutive year, the City's ad valorem taxable value experienced a reduction from the prior year's roll. For 2013, the reduction is -2.53%, a slightly smaller reduction than what has occurred in the previous three years.



Ad Valorem TV vs SEV

The relationship of taxable value to state equalized value provides insight into the limiting effects of Proposal A. The graph below displays the gap between taxable value and state equalized value. The gap represents the loss in the property tax base due to the capping provisions contained in Proposal A. This gap has narrowed significantly with the loss in property value during the last five years.



2013 Assessment Rolls

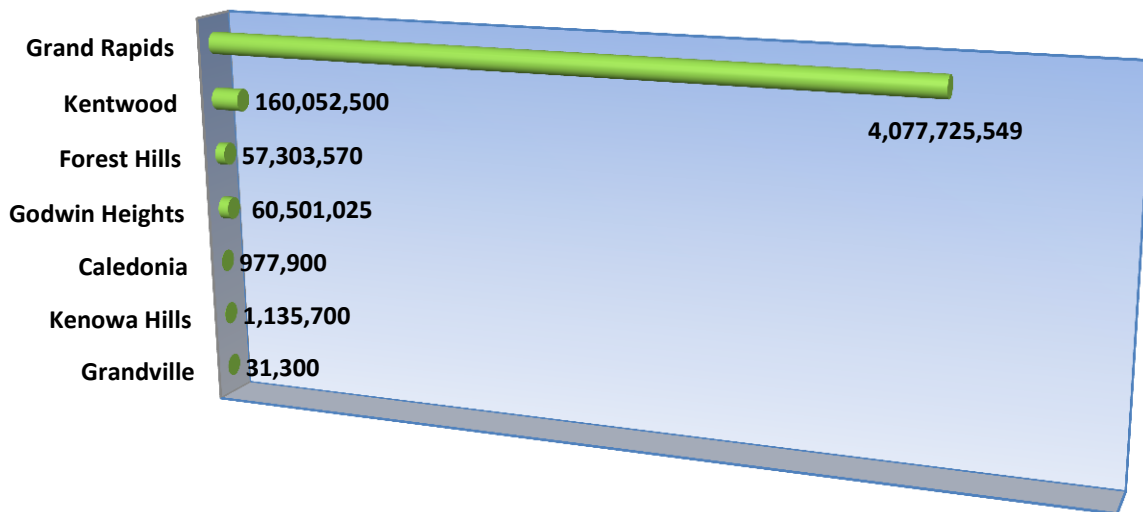
School Districts

Ad Valorem Roll

The City boundaries encompass property located in seven different school districts. The school districts and their respective 2013 taxable values and state equalized values are listed below.

School District	Parcels	Ad Valorem TV	Ad Valorem SEV
Grandville	8	31,300	31,300
Kenowa Hills	13	1,135,700	1,165,400
Caledonia	26	977,900	977,900
Godwin Heights	72	60,501,025	64,644,000
Forest Hills	186	57,303,570	61,090,800
Kentwood	1,470	160,052,500	162,151,300
Grand Rapids	66,938	4,077,725,549	4,243,976,100
Total	68,713	\$4,357,727,544	\$4,534,036,800

2013 Ad Valorem Taxable Value by School District

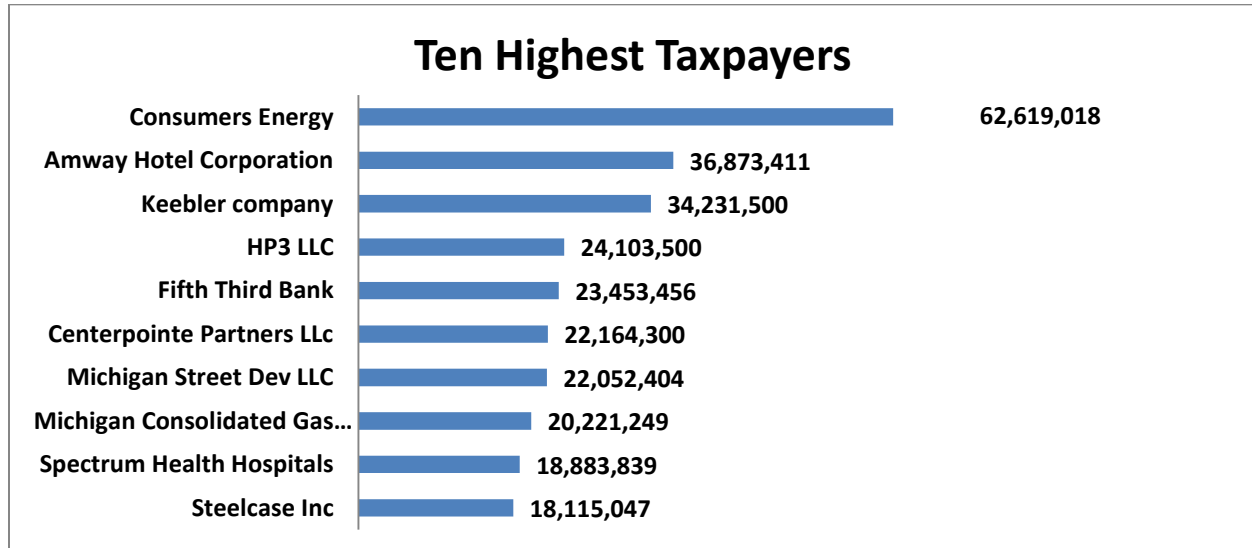


2013 Assessment Rolls

Ten Highest Taxpayers

All Rolls

The 2013 taxable values of the City's ten highest taxpayers are listed in the following chart. The total taxable value includes both real and personal property from all rolls.¹



¹ IFT taxable value converted to equivalent taxable value.

13 Geographic Zones

The Michigan Renaissance Zone Act, Act 376 of 1996, was created to foster economic opportunities and stimulate industrial, commercial, and residential growth in distressed areas displaying evidence of adverse economic and socioeconomic conditions. Through this enabling legislation, the City created six renaissance zones in 1997 and an additional five zones in 2003.

The benefits for property owners in a renaissance zone are reduced real and personal property taxes for a period of 15 years in the form of a reduced millage rate. The state equalized value and taxable value is calculated in the same manner as all other parcels and is included in the totals of each respective assessment roll. During the first 12 years, property owners are subject only to local school debt millage. During the remaining 3 years, all other millages are phased in at 25% increments.

Beginning in 2008, the State allowed for the extension of renaissance zone benefits on certain eligible properties whose owners planned to make significant investment during the originally planned phase out period. The State has approved extensions for six businesses located in the City. These benefits will expire in 2023.

Tool & Die Renaissance Zones

Beginning in 2005, the State allowed for the creation of Tool & Die Renaissance Zones. The City has approved six new renaissance zone benefits for 2013 for a total of twelve companies receiving benefits for the 2013 tax year. All current Tool and Die Renaissance Zones will expire by 2020.

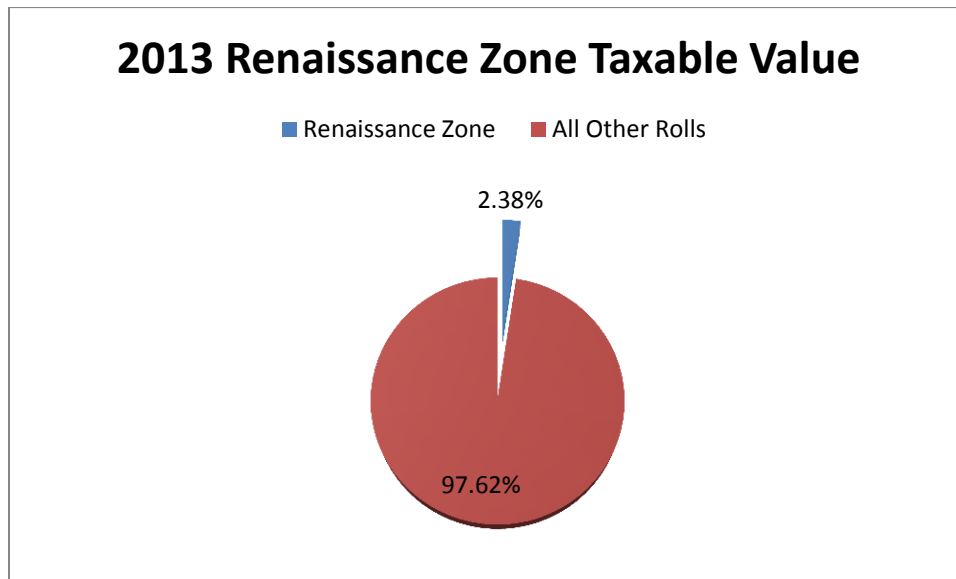
2013 Renaissance Zone Taxable Value – All Rolls

The following chart summarizes the amount of 2013 taxable value located in the City's various renaissance zones. The first six geographic zones created in 1997 expired in 2012.

Renaissance Zones 2013 Taxable Value - All Rolls	
Benefit Level	Taxable Value
Full	\$87,498,016
25%	<u>\$17,770,411</u>
Total	\$105,268,427

2013 Renaissance Zone Taxable Value – All Rolls cont.

The total 2013 taxable value subject to renaissance zone benefits on all rolls is equivalent to 2.38% of the City's total taxable value.



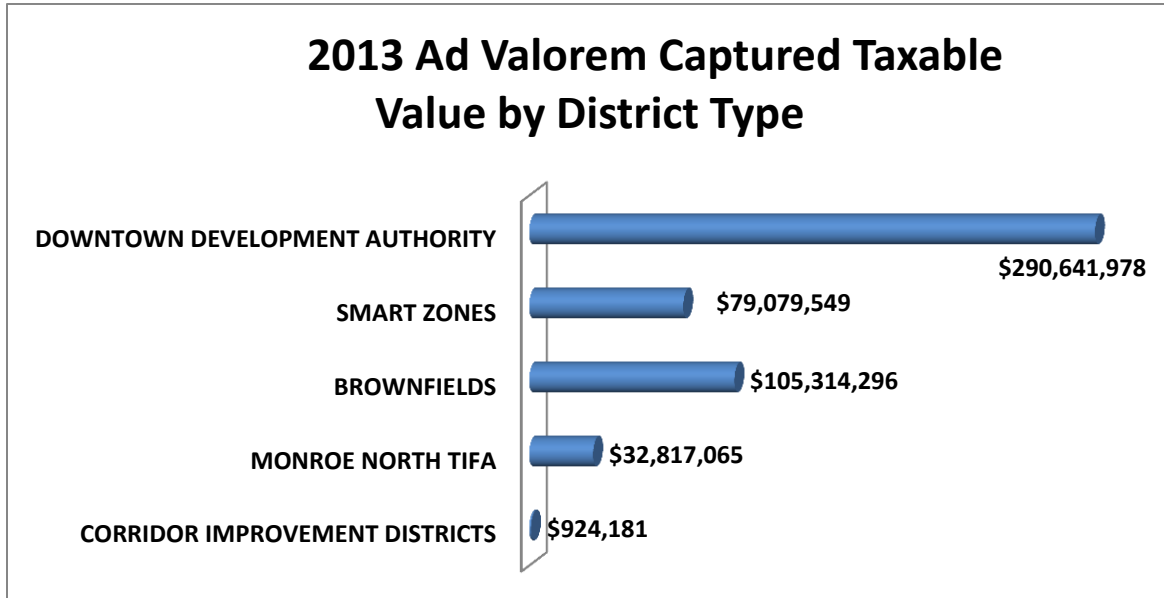
Types of Tax Capture Districts.

Enabling legislation passed by the State of Michigan has allowed for the creation of five types of tax capture districts in the City: Downtown Development Districts, Smart Zone Districts, Brownfield Districts, Tax Increment Finance Districts, and Corridor Improvement Districts.

Property taxes within a tax capture district are based on the same millage rates as those outside of a district. While the tax calculation is the same, the distribution of the taxes varies in that an authority or developer receives a portion of the taxes as opposed to the agency levying the tax. The amount of tax subject to capture is dependent upon the type of district, and developers only receive reimbursement of documented eligible expenses as pre-defined in a development agreement.

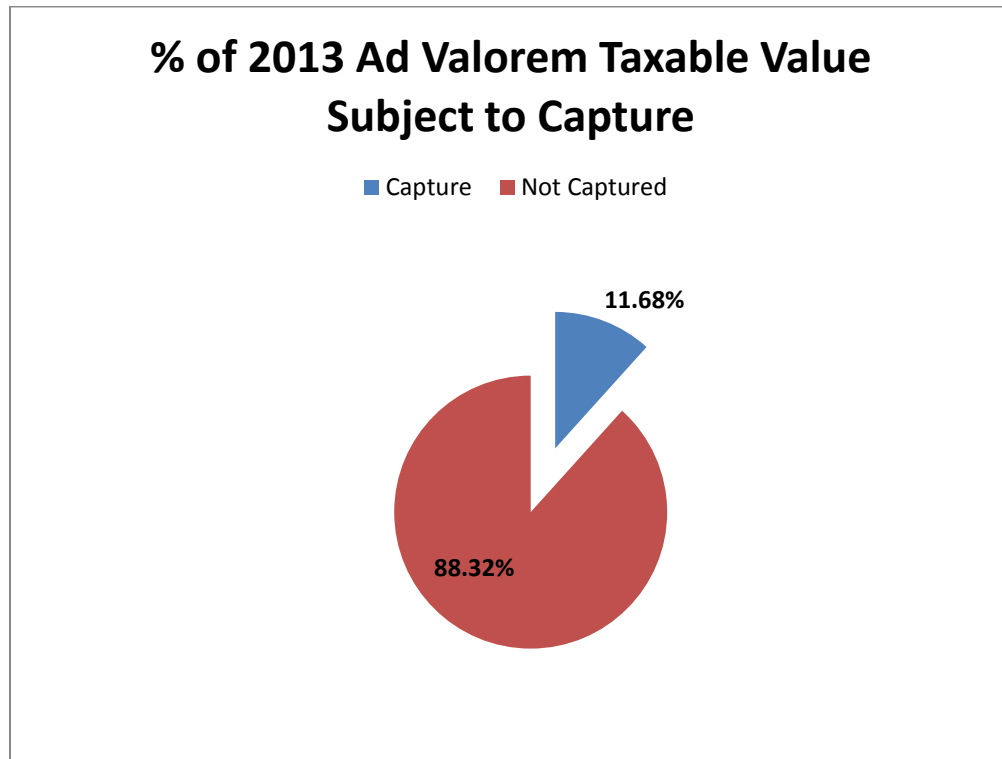
2013 Taxable Value Subject to Tax Capture Agreements

The amount of 2013 ad valorem taxable value subject to tax capture agreements is displayed in the following chart by district type.



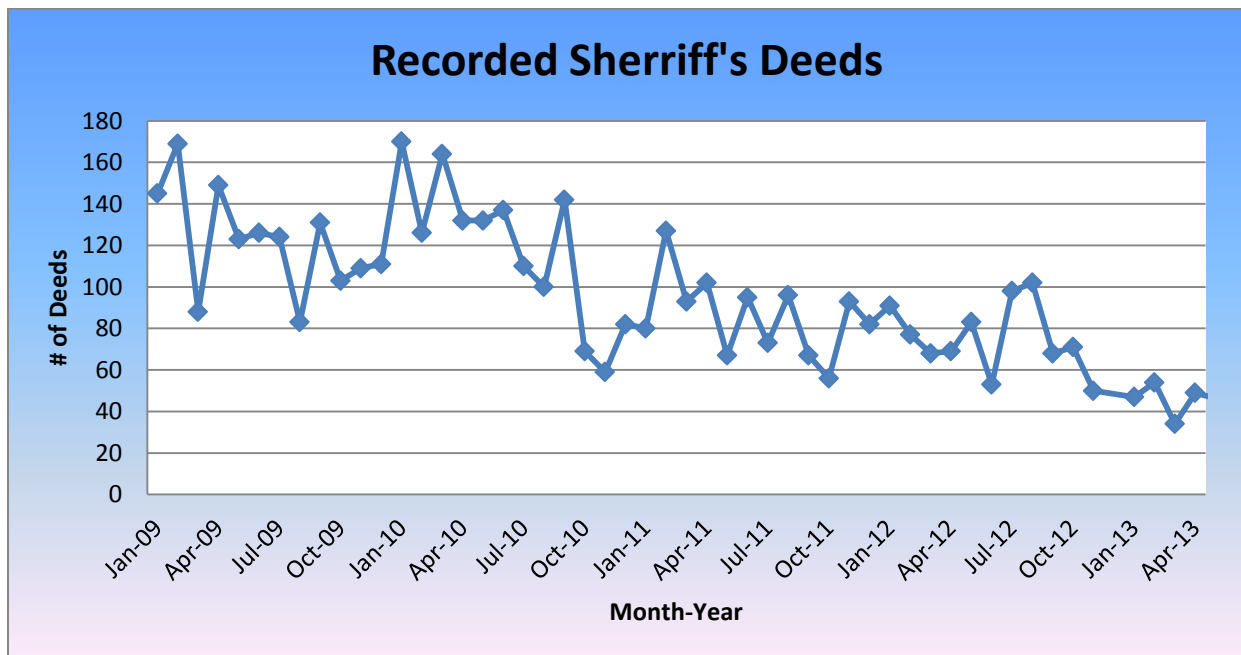
2013 Taxable Value Subject to Tax Capture Agreements cont.

The amount of 2013 ad valorem taxable value subject to capture agreements is 11.68%.



Foreclosures

The City of Grand Rapids tracks the number of foreclosures for the purpose of anticipating the growth or decline in the real estate market. This is based on the concept that real estate values will rebound when the inventory of foreclosed properties is significantly reduced. As displayed in the following chart, the number of sheriff's deeds recorded has continually trended downward in 2012 from the volatile 2009 and 2010 real estate market. This reduction corresponds with national trends of declining rates of foreclosure activity. Diminishing inventory of foreclosed property on the market is expected to cause an overall increase in property value.

**Preliminary Residential Sales Study Indications**

A preliminary 2013 sales study performed by the City Assessor's Office indicates 2014 state equalized values in the residential class will require a slight increase of 2%-3%. This sales study only includes residential class properties sold between October 1, 2011 and May 31, 2013. An additional four months of sales data is necessary to conclude the study.

Preliminary Commercial and Industrial Study Indications

Due to the limited number of sales in the commercial and industrial classes, the Kent County Bureau of Equalization performs appraisal studies to determine the assessment ratio for these classes. Results of the appraisal studies will not be available until December of 2013.